

## RECENT GAS DEALS PROVE THAT PROSPECTIVE GAS RESERVATION IS PART OF THE SOLUTION

The Energy Users Association of Australia (EUAA) welcomes a number of recent announcements regarding new gas contracts signed by major industrial gas users. While the cost of domestic gas is still largely linked to international gas prices, and therefore well above long-term affordable levels, we are encouraged that some deals are getting done. However, closer analysis of these deals reveals some interesting things.

“Recently announced supply contracts are all accessing gas from acreage set aside by the Queensland Government for the domestic market” said EUAA CEO Andrew Richards.

“In our view, this is a clear indication that prospective domestic gas reservation clearly works and that if applied nationally, could become a cornerstone to a strategy that resolves the gas crisis.”

A national approach to prospective domestic gas reservation accompanied by targeted measures that encourage more exploration, greater competition and increased transport flexibility has the potential to provide the domestic market with affordable gas while not disrupting the export potential of LNG.

“We can’t look at solving the gas crisis as a choice between domestic gas and LNG export. Like many other countries we should be able to maximise our LNG export potential while ensuring domestic gas is affordable.”

“We also note that while large industrial gas users are able to negotiate these deals we still need to work on building a functioning gas market for all energy users, from mid-size industrials through to domestic consumers. Only when the market works for every customer can we call it a success.”

The EUAA also recognises the important role affordable gas will continue to play in our evolving electricity market where wholesale electricity prices are heavily influenced by the cost to run gas fired power stations.

“If we can solve the gas crisis through more gas at an affordable price, we will not only preserve much of our manufacturing capacity, such as food processing, building materials, plastics, glass and paper, but also bring wholesale electricity prices down.”

The EUAA is the peak body representing Australian industrial and commercial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries. Combined our members employ over one million Australians, pay annual energy bills in the many billions of dollars and support the development of a lasting national energy and climate change plan that puts downward pressure on electricity and gas costs.

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Media Contact: Emily Wood 0421 042 121